

surety bonds are applicable to RRH and RCH loans. When interim financing is used during the construction period, the decision concerning whether or not to require surety bonds is the interim lender's. If the interim lender decides not to require surety bonds, a bond waiver is not required from the National Office.

(2) If the applicant is an organization, it will see that fidelity coverage is in place on any personnel entrusted with the receipt, custody and disbursement of any project monies, securities, or readily salable property other than money or securities. Fidelity coverage will be in force as soon as there are assets in the organization in accordance with the provisions described at paragraph XV A of exhibit B of subpart C of part 1930 of this chapter.

(l) *Previous participation certification.* All principals and affiliates are required to submit a properly completed Form HUD-2530/FmHA 1944-37, "Previous Participation Certification." Architects and attorneys who have any interest in the project other than an arms length fee arrangement for professional services are also considered principals. The forms will be completed and processed in accordance with instructions attached to the form.

[53 FR 2159, Jan. 26, 1990, as amended at 55 FR 6245, Feb. 22, 1990; 55 FR 26644, June 29, 1990; 55 FR 35895, Sept. 4, 1990; 56 FR 2238, Jan. 22, 1991; 58 FR 40953, July 30, 1993; 58 FR 44265, Aug. 20, 1993; 59 FR 6890 and 6896-6897, Feb. 14, 1994; 67 FR 67328, Dec. 24, 2002]

§ 1944.223 Supplemental requirements for manufactured home project development.

This section includes additional provisions that apply to the making of loans for manufactured home rental and cooperative project development. This section will apply in addition to all other applicable requirements contained elsewhere in this subpart. All references in this subpart to projects and housing for rent to eligible tenants will also mean the rental of sites with manufactured homes within a rental project development.

(a) *Eligible projects.* When a loan is closed on a manufactured home project, the borrower will have constructed and completed, pursuant to a

commitment given in accordance with § 1944.235(c)(2) of this subpart, such project designed principally for rental or cooperative use for manufactured homes, and conforming to the development, installation and set-up requirements of exhibit J to subpart A of part 1924 of this chapter.

(1) The borrower must be the first owner purchasing the manufactured homes for purposes other than resale.

(2) The project must include two or more contiguous sites with dwelling units. Each manufactured home unit must not have been previously occupied as a residence or for any other purpose and be less than 1 year old from date of manufacture.

(3) A project is not eligible if the purpose of the loan is to refinance the project, except as provided in § 1944.212(l) of this subpart.

(4) A loan may be made to rehabilitate manufactured home units of an existing project only if the units to be rehabilitated are currently financed by FmHA or its successor agency under Public Law 103-354 under this subpart.

(5) An eligible project may include the purchase of the real property of an existing project which will be redeveloped with the placement of new, previously unoccupied, manufactured homes conforming to the development, installation and set-up requirements of exhibit J to subpart A of part 1924 of this chapter.

(b) *Loan limitations.* The maximum loan amount will be determined in accordance with § 1944.213 of this subpart as applicable.

(c) *Rates and terms.* The amortization period of each loan will not exceed the economic life of the security, taking into account probable depreciation. However, under no circumstance will the amortization period for a loan made under this section exceed 30 years from the date of the promissory note.

(d) *Security.* A mortgage or deed of trust will be taken on the entire property purchased or improved with the loan. The encumbered property must be covered under a standard real estate title insurance policy or attorney's title opinion that identifies the project (including the manufactured homes) as

real property and insures or indemnifies against any loss if the manufactured home is determined not to be part of the real property. The property must be taxed as real estate by the jurisdiction where the project is located if such taxation is permitted under applicable law when the loan is closed.

(e) *Property requirements.* (1) Construction and development of the project, including related facilities constructed or erected on the security property, will be in accordance with § 1944.222(d) of this subpart and exhibit J to subpart A of part 1924 of this chapter.

(2) Manufactured home projects will be designed to provide for a desirable residential environment. Innovative and imaginative design is encouraged. Stylized patterns and monotony will be avoided. All property improvements will relate to the individual characteristics of the land. The project, including structures, streets, and all site improvements, should be harmoniously, efficiently and conveniently arranged in relation to the topography and the shape of the property.

(3) The borrower will not use or permit the use of any portion of the security property for demonstrating mobile home models for sale promotion purposes.

(4) The manufactured home, when placed on site, will have floor space area of not less than 400 square feet, and a width of 12 feet or more for single wide and 20 feet or more for a double wide unit. The unit must:

(i) Be placed on a site-built permanent foundation that meets or exceeds applicable requirements of the FmHA or its successor agency under Public Law 103-354 adopted standards which are identified in exhibit J to subpart A of part 1924 of this chapter or other building codes approved by FmHA or its successor agency under Public Law 103-354.

(ii) Be permanently attached to the foundation by anchoring devices adequate to resist all loads identified in exhibit J to subpart A of part 1924 of this chapter or other building codes approved by FmHA or its successor agency under Public Law 103-354.

(iii) Be constructed in compliance with Rural Development thermal per-

formance construction standards as specified in Exhibit D to subpart A of part 1924 of this chapter. The unit must have an affixed label as specified in 7 CFR part 3550 indicating that the unit is constructed to Rural Development thermal requirements for the appropriate winter degree days.

(iv) Be constructed in compliance with applicable standards and manuals adopted by FmHA or its successor agency under Public Law 103-354 as evidenced in part A, paragraph V of exhibit J to subpart A of part 1924 of this chapter. All units must conform to the HUD "Federal Manufactured Home Construction and Safety Standards," and be identified by an affixed certification label according to exhibit J to subpart A of part 1924 of this chapter.

(f) *Special warranty requirements.* The general contractor or dealercontractor, as applicable, must provide a warranty in accordance with the provisions of § 1924.9(d) of subpart A of part 1924 of this chapter.

(1) The warranty will provide that the manufactured homes, foundations, positioning and anchoring of the units to their permanent foundations, and all contracted improvements are constructed in substantial conformity with applicable approved plans and specifications.

(2) The warranty will also include provisions that the manufactured homes sustained no hidden damage during transportation and, for double-wide units, that the sections were properly joined and sealed.

(3) The general contractor or dealercontractor must warrant that the manufacturer's warranty is in addition to and not in derogation of all other warranties, rights and remedies that the borrower may have.

(4) The seller of the manufactured homes will deliver to the borrower the manufacturer's warranty. The warranty will identify the units by serial number.

[53 FR 2159, Jan. 26, 1988, as amended at 55 FR 29561, July 20, 1990; 56 FR 2239, Jan. 22, 1991; 67 FR 78328, Dec. 24, 2002]